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NEW DELHI, MONDAY, MAY 6, 2013/VAISAKHA 16, 1935 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 6th May, 2013:—

BILL NO. 94 OF 2013

A Bill further to amend the National Bank for Agriculture and Rural Development Act, 1981.

BE it enacted by Parliament in the Sixty-fourth Year of the Republic of India as follows:—

1. (1) This Act may be called the National Bank for Agriculture and Rural Development (Amendment) Act, 2013.

Short title and
commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

61 of 1981.

2. In section 2 of the National Bank for Agriculture and Rural Development Act, 1981 (hereinafter referred to as the principal Act),—

Amendment
of section 2.

(a) for clause (d), the following clause shall be substituted, namely:—

“(d) “central co-operative bank” means the principal co-operative society registered in a district in a State, the primary object of which is the financing of other co-operative societies in that district or to utilise the services of such co-operative societies on agency basis for its activities in that district with an option to undertake such activities in contiguous districts;”;

(b) for clause (e), the following clause shall be substituted, namely:—

‘(e) “Chairman and Managing Director” means the Chairman and Managing Director appointed under section 6 ;’;

(c) for clause (f), the following clause shall be substituted, namely:—

‘(f) “co-operative society” means a society or a co-operative registered, or deemed to be registered, under any Central or State law, relating to co-operative societies or co-operatives or multi-State co-operative societies, for the time being in force;’;

(d) clause (j) shall be omitted;

(e) after clause (k), the following clause shall be inserted, namely:—

‘(ka) “micro enterprise”, “small enterprise” and “medium enterprise”, shall have the meanings respectively assigned to them in the Micro, Small and Medium Enterprises Development Act, 2006;’;

27 of 2006.

(f) after clause (o), the following clause shall be inserted, namely:—

‘(oa) “producer organisation” means a producer company as defined under clause (l) of section 581A of the Companies Act, 1956 and includes co-operative societies or societies or trusts established with one or more of the objectives provided in sub-section (l) of section 581B of the Companies Act, 1956;’;

1 of 1956.

(g) in clause (q), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

‘*Explanation*.—For the purposes of this clause,—

(a) activities conducive to development of rural areas include activities relating to production of goods or provision of services and activities for the promotion of cottage and village industries, agro industries, industry in the tiny and decentralised sector, micro enterprises, small enterprises and medium enterprises and small-scale industry and handicrafts, handlooms and other rural crafts;

(b) “rural area” means the area other than the area covered under the jurisdiction of the Municipality as defined in clause (e) of article 243P of the Constitution;’;

(h) in clause (u), after the words “principal co-operative society”, the words “registered in a district” shall be inserted.

3. In section 3 of the principal Act,—

(a) in sub-section (3), for the word “Bombay”, the word “Mumbai” shall be substituted;

(b) in sub-section (4), the words “and in consultation with the Reserve Bank” shall be omitted.

4. In section 4 of the principal Act,—

(a) in sub-section (1), for the proviso, the following proviso shall be substituted, namely:—

“Provided that the Central Government may, by notification, increase the said capital up to twenty thousand crores of rupees.”;

(b) for sub-section (2), the following sub-sections shall be substituted, namely:—

“(2) The capital of the National Bank which has been subscribed by the Reserve Bank valued at twenty crores of rupees as on the date immediately

Amendment
of section 3.

Amendment
of section 4.

preceding the commencement of the National Bank for Agriculture and Rural Development (Amendment) Act, 2013 shall, on such commencement, stand transferred to, and vested in, the Central Government.

(3) The Reserve Bank shall be given by the Central Government, in cash, for transfer to, and vesting in the Central Government of the capital of the National Bank which has been subscribed by the Reserve Bank, an amount equal to the face value of the said subscribed capital, valued at twenty crores of rupees:

Provided that the National Bank may issue capital to such institutions and persons in such manner as may be notified by the Central Government:

Provided further that the shareholding of the Central Government shall not at any time be less than fifty-one per cent. of the total subscribed capital.”

5. In section 5 of the principal Act,—

Amendment
of section 5.

(a) in sub-section (3),—

(i) for the words “Managing Director”, the words “Chairman and Managing Director” shall be substituted;

(ii) the proviso shall be omitted;

(b) in sub-section (4), for the words “Managing Director”, the words “Chairman and Managing Director” shall be substituted;

(c) sub-section (5) shall be omitted;

(d) in sub-section (6), the words “in consultation with the Reserve Bank, or the Reserve Bank”, shall be omitted.

6. In section 6 of the principal Act,—

Amendment
of section 6.

(a) in sub-section (1),—

(i) in clause (a), for the word “Chairman”, the words “Chairman and Managing Director” shall be substituted;

(ii) in clause (f), the words “the Reserve Bank,” shall be omitted;

(iii) clause (g) shall be omitted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The Chairman and Managing Director and other directors, excluding the directors referred to in clause (f), shall be appointed by the Central Government.”;

(c) in sub-section (3), the words “in consultation with the Reserve Bank,” shall be omitted.

7. In section 7 of the principal Act,—

Amendment
of section 7.

(a) in sub-section (1), for the word “Chairman”, the words “Chairman and Managing Director” shall be substituted;

(b) in sub-section (1A), for the word “Chairman”, the words “Chairman and Managing Director” shall be substituted;

(c) for sub-section (1B), the following sub-section shall be substituted, namely:—

“(1B) In case of a vacancy in the office of the Chairman and Managing Director, one of the whole-time directors as specified by the Central Government shall perform the functions and duties of the Chairman and Managing Director during such vacancy.”;

(d) in sub-section (3), for the word "Chairman", the words "Chairman and Managing Director" shall be substituted;

(e) in sub-section (4), for the word "Chairman", the words "Chairman and Managing Director" shall be substituted.

Amendment
of section 8.

8. In section 8 of the principal Act,—

(a) in sub-section (1),—

(i) for the words "The Managing Director and any whole-time director", the words "Any whole-time director" shall be substituted;

(ii) in the proviso, the words "Managing Director and any such" shall be omitted;

(b) in sub-section (2),—

(i) the words "in consultation with the Reserve Bank", shall be omitted;

(ii) the words "the Managing Director or" shall be omitted;

(c) in sub-section (3),—

(i) the words "the Managing Director or of" shall be omitted;

(ii) the proviso shall be omitted.

Amendment
of section 11.

9. In section 11 of the principal Act, for the words "Managing Director", at both the places where they occur, the words "whole-time director" shall be substituted.

Amendment
of section 12.

10. In section 12 of the principal Act,—

(a) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) If the Chairman and Managing Director for any reason is unable to attend any meeting, any whole-time director nominated by the Chairman and Managing Director and in the absence of both the Chairman and Managing Director and the nominated whole-time director, any other director nominated by the Chairman and Managing Director in this behalf and in the absence of such nomination, any other director elected by the directors present at the meeting, shall preside at the meeting of the Board.";

(b) in sub-section (3), for the word "Chairman", the words "Chairman and Managing Director" shall be substituted.

Amendment
of section 19.

11. In section 19 of the principal Act, for clause (d), the following clause shall be substituted, namely:—

"(d) accept from the Central Government, a State Government, a local authority, a State land development bank, a State co-operative bank, a central co-operative bank, a primary agricultural credit society or a scheduled bank or any person or body, whether incorporated or not, deposits repayable on such terms as the National Bank may, either generally or specifically, fix; and".

Amendment
of section 21.

12. In section 21 of the principal Act,—

(A) in sub-section (1),—

(a) for the words "central co-operative banks, regional rural banks, or to any financial institution or to any class of financial institutions, which are approved by the Reserve Bank", the words "central co-operative banks, primary co-operative banks, scheduled banks, regional rural banks, primary agricultural credit societies, State land development banks, multi-State co-operative societies including multi-State co-operative banks, producer organisations or any financial institution or any class of financial institutions, which are approved by the Reserve Bank of India" shall be substituted;

(b) in clause (v), for the words “industries in the tiny and decentralised sector, village and cottage industries are of those engaged in the field of handicrafts”, the words “agro industries, industries in the tiny and decentralised sector, village and cottage industries, micro enterprises, small enterprises and medium enterprises or of those engaged in the field of handicrafts, handlooms” shall be substituted;

(c) after clause (v), the following shall be inserted, namely:—

“(vi) swapping of debts of the farmers.

Explanation.—For the purposes of this clause, the expression “swapping of debts” means replacing the high cost loans with low cost loans.”;

(B) in sub-section (2), after clause (ii), the following clause shall be inserted, namely:—

“(iii) by way of pledge of fixed deposit receipts or other debt instruments issued by entities approved by the Board.”;

(C) in sub-section (4), for the words, brackets and figure “State co-operative bank or a regional rural bank or an institution approved under sub-section (1)”, the words, brackets and figure “State co-operative bank, a regional rural bank, a central co-operative bank, a primary co-operative bank, a scheduled bank, a primary agricultural credit society, a State land development bank, a multi-State co-operative society including a multi-State co-operative bank, producer organisation or to any financial institution or to any class of financial institutions, approved under sub-section (1)” shall be substituted;

(D) after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) Notwithstanding anything contained in sub-section (1), the National Bank may, subject to such directions as may be issued by the Central Government from time to time, provide loans and advances, otherwise than by way of refinance, with a view to ensuring availability of sufficient credit to entities eligible under sub-section (1) on such terms and conditions, (including security) and repayable within such period not exceeding eighteen months, as the National Bank may deem fit.”.

13. In section 22 of the principal Act,—

(a) for the words “enemy action, any State co-operative bank, central co-operative bank, regional rural bank or any such financial institution or any financial institution falling under any such class of financial institutions, as may be approved by the Reserve Bank in this behalf,” the words “enemy action or for such other reasons, any State co-operative bank, central co-operative bank, primary co-operative bank, scheduled bank, regional rural bank, primary agricultural credit society, State land development bank, multi-State co-operative society including a multi-State co-operative bank, producer organisation or to any financial institution or to any class of financial institutions, as may be approved by the Reserve Bank of India in this behalf,” shall be substituted;

(b) in the first proviso, for the words “borrowing bank or institution”, the words “borrowing bank, co-operative society, producer organisation or institution,” shall be substituted;

(c) in the second proviso, after the words “by the State Government,” the words “but requirement of such guarantee may be waived by the National Bank if other security to the satisfaction of the National Bank is furnished” shall be inserted.

Amendment
of section 22.

Amendment
of section
23.

14. In section 23 of the principal Act,—

(a) for the words “small-scale industries, industries in the tiny and decentralised sector, village and cottage industries and those engaged in the field of handicrafts and other rural crafts, by any State co-operative bank, regional rural bank or any such financial institution or any financial institution falling under such class of financial institutions as may be approved by the Reserve Bank”, the words “small-scale industries, agro industries, industries in the tiny and decentralised sector, village and cottage industries, micro enterprises, small enterprises and medium enterprises and those engaged in the field of handicrafts, handlooms and other rural crafts by any State co-operative bank, central co-operative bank, primary co-operative bank, scheduled bank, regional rural bank, primary agricultural credit society, State land development bank, multi-State co-operative society including a multi-State co-operative bank, producer organisation or any such financial institution or any financial institution falling under such class of financial institutions as may be approved by the Reserve Bank of India” shall be substituted;

(b) in the proviso, for the words, “a State co-operative bank” the words “a State co-operative bank or a central co-operative bank” shall be substituted.

Amendment
of section 24.

15. In section 24 of the principal Act,—

(a) for the words “State co-operative banks, regional rural banks”, the words “State co-operative banks, regional rural banks, central co-operative banks, primary co-operative banks, scheduled banks, primary agricultural credit societies, State land development banks, multi-State co-operative societies including multi-State co-operative banks, producer organisations or to any financial institution or to any class of financial institutions approved by the Reserve Bank of India,” shall be substituted;

(b) in the proviso, after the words “a State co-operative bank”, the words “or a central co-operative bank” shall be inserted.

Amendment
of section 25.

16. In section 25 of the principal Act,—

(A) in sub-section (I),—

(i) in clause (a), for the words “a scheduled bank or any other financial institution approved by the Reserve Bank”, the words “a scheduled bank or a central co-operative bank or a primary co-operative bank or a regional rural bank, or a primary agricultural credit society or a multi-State co-operative society including a multi-State co-operative bank or a producer organisation or any other financial institution approved by the Reserve Bank of India” shall be substituted;

(ii) in clause (b), for the words “by any bank or institution”, the words “by any bank or financial institution” shall be substituted;

(iii) for clause (c), the following clause shall be substituted, namely:—

“(c) making loans and advances, on such terms and conditions as the National Bank may think fit to impose, to a State land development bank or a State co-operative bank or a scheduled bank or a central co-operative bank or a primary co-operative bank or a regional rural bank or a primary agricultural credit society or a multi-State co-operative society including a multi-State co-operative bank or a producer organisation or any financial institution or any class of financial institutions, approved by the Central Government for the purpose of enabling such bank, co-operative society or society institution to make loans or advances to artisans, small-scale industries, agro industries, industries in the tiny and decentralised sector, village and cottage

industries, micro enterprises, small and medium enterprises and those engaged in the field of handicrafts, handlooms and other rural crafts and also rescheduling the payment of such loans and advances:

Provided that the maximum period for which any such loan or advance may be granted, whether originally or by rescheduling the payment thereof, shall not exceed twenty-five years;";

(d) in clause (d), for the words "or a scheduled bank, loans and advances", the words "or a scheduled bank or a central co-operative bank or a primary co-operative bank or a regional rural bank or a primary agricultural credit society or a multi-State co-operative society including a multi-State co-operative bank or a producer organisation or to any financial institution or to any class of financial institutions, as may be approved by the Central Government, loans and advances" shall be substituted;

(B) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) Notwithstanding anything contained in sub-section (1), the National Bank may, subject to such directions as may be issued by the Central Government from time to time, provide loans and advances otherwise than by way of refinance, with a view to ensuring availability of sufficient credit to entities eligible under sub-section (1) on such terms and conditions, including security and repayable within such period not exceeding twenty-five years, as the National Bank may deem fit."

17. After section 25 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
25A.

"25A. Notwithstanding anything contained in this Chapter, the National Bank may, subject to such directions as may be issued by the Central Government from time to time, provide loans and advances, by way of refinance or otherwise, for promoting agriculture and rural development which may be combination of different kinds of credits under section 21 or section 24 or section 25 or any of them to a State co-operative bank, a central co-operative bank, a primary co-operative bank, a scheduled bank, a regional rural bank, a primary agricultural credit society, a State land development bank, a multi-State co-operative society including a multi-State co-operative bank, a producer organisation or to a financial institution or class of financial institutions as may be approved by the Central Government, on such terms and conditions, including security and repayable within such period not exceeding twenty-five years, as the National Bank may deem fit."

Combination
of credits.

18. After section 30A of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
30B.

"30B. The National Bank may, subject to such directions as may be issued by the Board from time to time, grant, open, issue, confirm or endorse letters of credit and negotiate or collect bills or other documents drawn thereunder."

Letters of
credit.

19. In section 38A of the principal Act, for the words "in consultation with the Reserve Bank", the words "with the approval of the Central Government" shall be substituted.

Amendment
of section
38A.

Insertion of
new section
42A.

20. After section 42 of the principal Act, the following section shall be inserted, namely:—

National
Rural Credit
(Short Term
Operations)
Fund.

“42A. (1) The National Bank shall establish and maintain a Fund to be known as the National Rural Credit (Short Term Operations) Fund.

(2) The Fund shall include,—

(a) such sums of money as the Central Government and the State Governments may contribute from time to time;

(b) such sums of money as the Reserve Bank may contribute every year;
and

(c) such further sums of money as the Board may contribute every year.

(3) The amount in the said Fund shall be applied by the National Bank only to provide financial assistance by way of loans and advances under section 21.”

Amendment
of section 47.

21. In section 47 of the principal Act, for the figures and word “42, 43 and 45”, the figures, letter and word “42, 42A, 43 and 45” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The National Bank for Agriculture and Rural Development Act, 1981 provided for establishment of a development bank to be known as the National Bank for Agriculture and Rural Development (the National Bank) for providing and regulating credit and other facilities for the promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas.

2. A decision was taken by the Government of India, in consultation with the Reserve Bank of India, to transfer the entire equity in the National Bank to the Central Government. Accordingly, Government of India issued a notification *vide* S.O. 2373, dated the 16th September, 2010 which prescribed the proportion of subscription and ownership of the Government of India and the Reserve Bank in the National Bank respectively as ninety-nine per cent. and one per cent. The said notification enabled the Reserve Bank to transfer seventy-one point five per cent. ownership in the National Bank out of seventy-two point five per cent. held by it to the Government of India. The remaining one per cent. equity of the Reserve Bank can be transferred only after carrying out the required amendments in the aforesaid Act.

3. In view of the above, it is proposed to introduce the National Bank for Agriculture and Rural Development (Amendment) Bill, 2013 to amend the National Bank for Agriculture and Rural Development Act, 1981 so as to transfer the remaining one per cent. equity of the Reserve Bank in the National Bank to the Government of India consideration of rupees twenty crores. The salient features of the Bill, *inter alia*, are as under:—

(a) to define certain expressions, namely, “micro enterprise”, “small enterprise”, “medium enterprise” and “producer organisation”; to substitute the definitions of “central co-operative bank”, “co-operative society” and “Chairman” and to omit the existing definition of “Managing Director”;

(b) to empower the Central Government to increase the capital of the National Bank from five thousand crores of rupees to twenty thousand crores of rupees;

(c) to make provision for transfer and vesting of the subscribed capital of the Reserve Bank in the National Bank to the Central Government;

(d) to enhance the scope of operations of the National Bank for lending purposes;

(e) to provide for establishing and maintaining a fund to be known as the National Rural Credit (Short Term Operations) Fund by the National Bank for providing financial assistance by way of loans and advances.

4. The Bill seeks to achieve the above objects.

NEW DELHI;
The 22nd April, 2013.

P. CHIDAMBARAM.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 7/3/2010-AC, dated 22 April, 2013 from
Shri P. Chidambaram, Minister of Finance to the Secretary-General, Lok Sabha]

The President, having been informed of the subject matter of the National Bank for Agriculture and Rural Development (Amendment) Bill, 2013, has recommended the introduction of the said Bill in Lok Sabha under clause (1) of article 117 of the Constitution of India.

FINANCIAL MEMORANDUM

Clause 4 of the Bill seeks to amend the proviso to sub-section (1) of section 4 of the National Bank for Agriculture and Rural Development Act, 1981 so as to increase the capital of the National Bank from five thousand crores of rupees to twenty thousand crores of rupees. It also amends sub-section (2) of the said section for providing that the Reserve Bank shall be given by the Central Government, in cash, for transfer to, and vesting in the Central Government of the capital of the National Bank which has been subscribed by the Reserve Bank, an amount equal to the face value of the said subscribed capital, valued at twenty crores of rupees.

2. Clause 20 of the Bill seeks to insert a new section 42A in the said Act to provide that the National Bank shall establish and maintain a Fund to be known as the National Rural Credit (Short Term Operations) Fund. Sub-section (2) of proposed section 42A provides that the Fund shall include such sums of money as the Central Government may contribute from time to time.

3. Any cash payment by the Central Government to be made to the Reserve Bank pursuant to the provisions of the bill or any contribution to the National Rural Credit (Short Term Operations) Fund will be made with the due approval of the Parliament. The amount of contribution to be made to the said Fund cannot be estimated at present as it would depend upon the circumstances at the point of time of making such contribution.

T.K. VISWANATHAN,
Secretary-General.